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-----Original Message-----

From: "Andy Apaid" <andy@acn2.net>
Date: Tue, 5 Sep 2006 11:20:21
To: <fruitrdm@mycingular.blackberry.net>, <rmedlin@fruit.com>
Cc: <cemith@fruit.com>, <Clifford@agacorp.com>, <eapaid@acn2.net>
Subject: Premium/FOL Proposal

Dear Mr. Medlin,

Needless to tell you in detail how much the news that you have given to us at the meeting of August 30th, surprised us. We are hoping that you reconsider your position as we know that with some effort we can reach the necessary target and work on freight alternatives for FOL to see its interest in continuing to work in Haiti.

Understanding that your decision to stop working in Haiti may be final, we ask that you use a fair and reasonable approach to solve the problems that will be caused by such a stop. To better explain the position we expressed to you in our first face to face meeting, I am attaching a letter sent on June 2nd 2006 to Mr. Jack Ward the previous CEO of Russell Corporation.

Our obligations & debts for the dedicated and requested service, under the conditions described in the letter to Mr. Ward, put us in a very serious situation with loan obligations exceeding \$1,800,000.00, this is not including personal family money invested in the venture nor is it taking into account the impact of Gildan's business reduction in our other facilities, programmed to be compensated by increased volume in case the reduction was due to a reaction of the start up of the Russell relationship. This agreement was made at a time when other Tee-shirt labor suppliers refused to work for Russell and where existing suppliers were over a long period of time not delivering their volumes. The two highest executives at Russell knew of our capacity to quickly put up performing plants, as we had done in the past.

Under the described circumstance, it makes it unlikely to be able to use such a large capacity for any other customer in case of a Russell/FOL pull out.

This situation & those conditions were well known by the executives at Russell, prior to the purchase of Russell by Berkshire Hathaway (FOL) and were expressed to the FOL representative during our exchanges prior and after the finalization of the acquisition, at which time they expressed the belief that FOL would probably continue and grow in Haiti. This is why we were so optimistic at first and surprised during our visit.

The executives of Russell understanding the circumstances under which they entered into the relationship with us made the necessary arrangements to reach at least the volume of 48,000 dozens and maintain our current price until we reach 4 consecutive weeks at 48,000 dozens/week at which time we would lower the price to \$0.06/minute. This level of 48,000 dozens/week was to be only temporary until we could reach better days in which we would use the full plant capacity and replace lost business.

Today we find ourselves in a major financial problem and ask that you consider the listed options to find a reasonable and fair conclusion to this situation.

Option 1: December 2006 Closing

- a) - The plant continues and maintains its production plans at 48,000 dozens/week and closes in December 2006.
- b) - Under this option FOL/Russell would compensate Premium Apparel for a value of \$2,400,000 to cover the residual value of its investment.
- c) - FOL/Russell will also make necessary financial arrangement for the payment of the layoff of the workers and staff.

Option 2: December 2007 closing

- a) - After 4 consecutive weeks at 48,000 dozens (we expect this to be in October 2006), a reduced rate of \$0.06/minute (\$1.83/dozen) will be put in place.
- b) - This price will remain in affect until we reach a volume of 60,000 dozens/week, at which time the price will go down to \$1.75/dozen, this target volume must be planned for no later then March 2007 for the remainder of the year.
- c) - In December 2007 the plant will close with FOL/Russell making all the necessary financial arrangements to pay the layoff of the workers and staff.
- d) - Premium Apparel will liquidate the equipment in the facility to enter at its residual value the balance of its investment.

Option 3: December 2008 closing

- a) - Same as Option 2 a) & b) but in July 2007 at the volume of 65,000 dozens/week the price will go to \$1.60/dozen until December 2008.
- b) - At that time the plant will close.
- c) - FOL/Russell will make necessary financial arrangement to pay for the layoff of the workers and staff.
- d) - Premium Apparel will liquidate the equipment in the facility to enter at its residual value the balance of its investment.

Possibility for options 2 and 3

If, in spite of the difficult circumstances described above and in the letter to Mr. Ward, during the execution of option 2 or 3, through the efforts of FOL/Russell or through our own, we find work or customers willing to engage and replace FOL/Russell activities we will plan together a phase out of FOL/Russell production.

We intend during that period to make all efforts to lower transportation cost and to analyze possible further reductions for long term relationships that will entice FOL/Russell to see its interest in staying in Haiti.

With the risk of sounding un-business like: after the recent philanthropic gesture of Mr. Buffet I consider an opportunity, an honor and blessing to develop a tie to his interests. Haiti remains of all the countries on this side of the world the most in need to catch up to other countries and help through jobs the plight of its 60% unemployed.

Mr. Medlin, my son and I remain available to meet with you or anyone that you judge necessary so that we can convey our sentiments and the logic of our position.

Sincerely,

Andre M. Apaid

----- Message from "Andy Apaid" <andy@alpha-inter.net> on Wed, 7 Jun 2006 20 01 05 +0000 GMT -----

To: wardjack@russellcorp.com

Subject: Situation of Russell - Haiti project

Dear Jack,

I hope as I write to you that the situation with the Russell Acquisition is not causing you and all the good people of Russell too much trouble. I really hope that it opens new doors for the benefit of the company.

During our meeting of May 1st I believe that I expressed fairly clearly my situation with the investment that we did for Russell. Though I believe you Dean and Erick understood very well I thought that this letter would be a useful reminder to you so that your continued efforts minimize the impact of devastating decisions for me and the overall investments of our family. So please bear with me as I outline what took place:

- 1) In april 2005, I received a phone call from Julio Barea asking me to manufacture Tee-Shirts for Russell.
- 2) I began a series of negotiations through Julio and Aymara, who were having difficulties engaging new contractors in Haiti and who were having difficulty obtaining committed Tee-Shirt volume from existing contractors. I did express my difficulty with the stiff position of one of my clients about dealing with Russell. But considering my relationship with the current Russell management I informed him that I would try to work out a way. As you can understand the call was relatively direct and I felt that my relationship with Russell management was worth the risk to find a way to make this work.
- 3) At that time I was producing 70,000 dozens for Gildan in 1 plant and my brother was producing another 50,000 dozens in another plant .
- 4) I agreed that I would set up for Russell a plant with an initial volume plan of 45,000 dozens per week. But Julio and I agreed that if Gildan hurt me when I would announce it to them, that whatever volume they would remove from my main 70,000 dozens plant, it would be replaced by Russell as soon as possible.
- 5) As it turned out Gildan, somewhat after I made the Russell equipment and facility investment of approximately \$2.8Million, did reduce my volume to 36,000 dozens per week while other vendors that were at 30,000 dozens were brought up to 60,000 dozens per week. Some of these vendors had refused the request to work with Russell when Aymara and Julio contacted them.
- 6) I have consistently been pressed by Russell to ramp up faster and to invest in a build up to 65,000 dozens per week and bought the equipment to do so. Our Ramp-Up plan was agreed to and most of the personnel was in place and in training to get up to close to that level when I received the phone call to stop the ramp up.
- 7) The last 12 months have been very difficult for me as I have the Gildan plant at almost breakeven with a difficult cash flow to payback the bank for an investment of

equipment for 70,000 dozens per week.

8) I therefore found myself with investments in 2 plants working at around 55% of the invested capacity and a very stiff loan payment schedule.

9) Needless to say that replacement of Gildan reduced volume was not possible from Russell.

10) Material control personnel at Russel have acknowledge that the pipeline control have intermitantly caused us difficulties but the problem has been corrected since our visit and has considerably improved.

Jack, I have always been reasonable in my dealings with you over the years and I normally would not plead so strongly but I need your help. Our plant invested for you has been brought back from 42,000 (material disrupted) dozens to 30,000 overnight with personnel and equipment in place to reach over 60,000 dozens. This week I have been told that we are to shutdown 5 weeks between now and December excluding the Christmas Shutdown of 2 week.

Though Clifford and I felt very comfortable with Dean and Erick when we met them and we understand that they are managing a complex situation, I do feel Jack that your direct input is going to be necessary to bring some fairness to the orientation of the business and to help me get out of this situation.

1) I need that you find a way not to cause any shutdown to our plant during this end of year.

2) I kindly ask that you make all efforts to maintain our production to a level closer to 50,000 dozens as with others, while we wait for better days.

I am prepared to bring the price of the labor to \$1.75 per dozen on the 3rd month after we hit and maintain the level of 60,000 dozens per week.

In the meantime I will be very anxious to hear from you on making sure we do not shutdown at this critical time.

Again Jack, I would like you to rest assured that we will remain a quality and volume reliable supplier as we have always been to you. As soon as the learning curve and difficult moment is over and you can put the right volume in our facility we will also become more and more competitive, in particular as our hope that new US legislation opens the doors to more interesting business with Haiti.

If you feel that I should come up and see you and Dean I am prepared to do so upon notice.

Thank you again for all the efforts you will do

Sincerely,



Andre M. Apaid ~~locat~~ Thanks for using ACN mail Services.